

overseas. However, according to the Congressional Research Service, in 1997, the United States enjoyed a 44% share of the world market for arms while Great Britain, its nearest competitor, had 17%. In 1998, the United States led in new arms deals with \$7.1 billion, followed by Germany at \$5.5 billion. Even the Defense Department has touted the world market dominance by U.S. companies, writing in 1994:

"The forecasts support a continuing strong defense trade performance for U.S. defense products through the end of the decade and beyond. In a large number of cases, the U.S. is clearly the preferred provider, and there is little meaningful competition with suppliers from other countries. An increase in the level of support the U.S. government currently supplies is unlikely to shift the U.S. export market share outside a range of 53 to 59 percent of worldwide arms trade."

In 1976, Congress decided to reduce the benefit for military sales in half, establishing a 50% limit on tax benefits. In fact, the Senate provision would have eliminated it altogether for military goods, "unless it was determined that the property is competitive with foreign-manufactured property," and the House provision would have terminated benefits for military sales, "except if the products are to be used solely for non-military purposes." A report from the Joint Committee on Taxation at the time shows that Congress was very concerned with the revenue cost of this program. To increase this benefit now would cost federal taxpayers an additional \$2 billion over the next 10 years. This subsidy is unnecessary. As Treasury's Office of Tax Policy wrote to the Department of Defense in December, 1998:

"[W]e analyzed whether the defense industry receives any benefits or subsidies from the U.S. government, particularly any benefits or subsidies that are not generally available to other industries. Our analysis indicates that the defense industry does benefit from its special relationship with the U.S. government, and the benefit is arguably greater now than in years past . . ."

On the question of doubling the FSC benefit to 100% for military sales, Treasury wrote in August, 1999:

"We have seen no evidence that granting full FSC benefits would significantly affect the level of defense exports, and, indeed, we are given to understand that other factors, such as the quality of the product and the quality and level of support services, tend to dominate a buyer's decision whether to buy a U.S. defense product."

In criticizing some of the continued largesse the defense industry enjoys in our federal budget, the Congressional Budget Office wrote in 1997:

"U.S. defense industries have significant advantages over their foreign competitors and thus should not need additional subsidies to attract sales. Because the U.S. defense procurement budget is nearly twice that of all Western European countries combined, U.S. industries can realize economies of scale not available to their competitors. The U.S. defense research and development budget is five times that of all Western European countries combined, which ensures that U.S. weapon systems are and will remain technologically superior to those of other suppliers."

More recently, William D. Hartung, President's Fellow at the World Policy Institute, wrote for the Cato Institute in August, 1999, "If the government wanted to level the playing field between the weapons industry and other sectors, it would have to reduce weap-

ons subsidies, not increase them." He continued, "Considering those massive subsidies to weapons manufacturers, granting additional tax breaks to an industry that is being so pampered by the U.S. government makes no sense."

Indeed, Mr. Secretary, it makes no sense. But what is much more persuasive than the fiscal fairness arguments, is the eloquent plea from advocates for peace, such as Oscar Arias, the former Costa Rican president and Nobel Peace Prize winner in 1987, who wrote last summer in the New York Times:

"By selling advanced weaponry throughout the world, wealthy military contractors not only weaken national security and squeeze taxpayers at home but also strengthen dictators and human misery abroad."

By encouraging arms sales overseas, this subsidy actually elevates the dangers abroad, thus creating more challenges to the maintenance of our own "military superiority"—and of course more pressure to increase the defense budget. We urge you not to increase this unnecessary subsidy and to seek ways to reduce the cost to taxpayers of subsidizing weapons manufacturers.

Sincerely,

Lloyd Doggett, Lynn Woolsey, George Miller, Pete DeFazio, Bob Filner, Barbara Lee, Barney Frank, Jan Schakowsky, John Tierney, Tammy Baldwin, Dennis Kucinich, Cynthia McKinney, Jerrold Nadler, John Olver, Bill Luther, Major Owens, Lynn Rivers, Jesse Jackson, Jr., Tom Barrett, Edward Markey, Bernard Sanders, John Moakley, Jim McGovern, Michael Capuano, Sherrod Brown, John Conyers, Stephanie Tubbs Jones, Ted Strickland, Pete Stark, Mark Udall, David Minge, Brian Baird.

HONORING THE MEN OF C COMPANY, 1ST BATTALION 5TH MARINE REGIMENT, 1ST MARINE DIVISION

HON. DEBBIE STABENOW

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 14, 2000

Ms. STABENOW. Mr. Speaker, today I honor the men of C Company, 1st Battalion, 5th Marine Regiment, 1st Marine Division for the combat action they valiantly fought on April 5, 1947, near the village of HsinHo in North China.

Mr. Speaker, not many Americans remember that we sent the Marines into China in the aftermath of World War II to disarm the Japanese forces there, protect them from reprisals, relieve them from their garrisons and to ensure that the large quantity of Japanese weapons cached there did not fall into communist hands. C Company was literally on the front line of this effort. The Company was attacked during the early morning of April 5th by a group of Chairman Mao's fighters who were intent on capturing the weapons cached at HsinHo and overrunning the Marines there.

With a force estimated at over 300 men, the communists hit upon a lightly guarded outpost with a defense system designed to fight off an attack until reinforcements arrived. Under heavy fire, these Marines pursued this group of communist raiders for over eight miles. As the Commandant of the Marine Corps de-

clared in 1998, the actions of C Company, 1st Battalion, 5th Marine Regiment were indeed "gallant deeds of brave Marines . . . and a shining example of honor and commitment."

When the dust had settled on that little hamlet in north China, America had lost five Marines killed in action and suffered 18 wounded. Mr. Chairman, a grateful nation will remember our Marines in World War II. We need to remember and honor those who fought and died for this country. The survivors of C Company have for years attempted to get official recognition for their Company in addition to the China Service Medal, Purple Hearts and Bronze and Silver Star medals awarded individually to members of C Company. I think this recognition is long overdue. I rise today to declare that the C-1-5 China Marines are to be commended as a unit for their actions of April 5th, 1947.

WELCOME PRIME MINISTER ATAL BIHARI VAJPAYEE

HON. SAM FARR

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 14, 2000

Mr. FARR of California. Mr. Speaker, it is a privilege for me to welcome today the Prime Minister of India, Atal Bihari Vajpayee, in recognition of both his leadership in the pursuit of democracy as well as his commitment to strengthening relations between the United States and India. In his visit to the United States, Prime Minister Vajpayee demonstrates his people's interest in not only strengthening, but expanding the ties between our nations.

The United States and India share common goals for the 21st Century: freedom and democracy. By working together towards these mutual goals, the U.S. and India can build strong foundations for peace and prosperity. With peace as a common interest, it is our responsibility to ensure international security and regional stability. Prime Minister Vajpayee represents a friendship that can further these goals through cooperative programs and shared visions.

Together, the United States and India represent one-fifth of the world's population and more than one-fourth of the world's economy. Therefore, the growing bond between our nations is a positive step for everyone. In particular, California's 17th District has a significant Indian population which could greatly benefit from improved relations between India and the U.S.

I commend Prime Minister Vajpayee for being the first Indian Prime Minister in six years to address a joint session of Congress and the only world leader to address the 106th Congress. Mr. Speaker, I am honored to recognize Prime Minister Vajpayee.